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**15<sup>TH</sup> JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD**

**FINANCIAL REPORT**

*December 31, 2006*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-25-07

**J. L. SONNIER**  
*Certified Public Accountant*  
*Lafayette, Louisiana*

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The Fifteenth Judicial District  
Indigent Defender Board

I have audited the accompanying financial statements of the governmental activities and the general fund of the Fifteenth Judicial District Indigent Defender Board, a component unit of the Lafayette City/Parish Consolidated Government, as of and for the year ended December 31, 2006, which collectively comprises the entity's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fifteenth Judicial District Indigent Defender Board's management. My responsibility is to express opinions on these financial statements based on my audit.

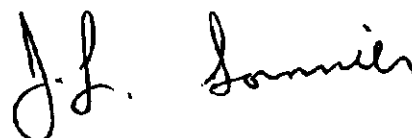
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity, and the General fund of the Fifteenth Judicial District Indigent Defender Board, as of December 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 2, 2007 on my consideration of the Fifteenth Judicial District Indigent Defender Board's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The General Fund budgetary comparison schedule on page 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The Fifteenth Judicial District Indigent Defender Board has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

A handwritten signature in cursive script, appearing to read "J. L. Lammie".

March 2, 2007

# FIFTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

## STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET

December 31, 2006

	General Fund	Adjust- ments	Statement of Net Assets
<b>ASSETS</b>			
Cash	\$ 737,485	\$ -	\$ 737,485
Investments	707,016		707,016
Due from other governments -			
Court costs and bond forfeits receivable	146,576	-	146,576
Prepayments	3,200	-	3,200
Equipment	-	57,968	57,968
Accumulated depreciation	-	(20,580)	(20,580)
<b>Total assets</b>	<u>\$1,594,277</u>	<u>\$ 37,388</u>	<u>\$ 1,631,665</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,083	\$ -	\$ 5,083
Payroll taxes payable	1,913	-	1,913
<b>Total liabilities</b>	<u>\$ 6,996</u>	<u>\$ -</u>	<u>\$ 6,996</u>
<b>FUND BALANCES/NET ASSETS</b>			
<b>Fund balance</b>			
Reserved for prepaid items	\$ 3,200	\$ (3,200)	\$ -
Unreserved	1,584,081	(1,584,081)	-
<b>Total fund balance</b>	<u>\$1,587,281</u>	<u>\$(1,587,281)</u>	<u>\$ -</u>
<b>Total liabilities and fund balances</b>	<u>\$1,594,277</u>		
<b>Net assets</b>			
Invested in capital assets, net of related debt		\$ 37,388	\$ 37,388
Unrestricted		1,587,281	1,587,281
<b>Total net assets</b>		<u>\$ 1,624,669</u>	<u>\$ 1,624,669</u>

### Reconciliation of the General Fund Balance Sheet to the Statement of Net assets-

Capital assets and related accumulated depreciation are not current financial resources and therefore are not reported in the General fund balance sheet. Capital assets, net of accumulated depreciation must be added to General Fund total fund balance to arrive at total net assets.

See notes to basic financial statements.

**FIFTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD**  
**STATEMENT OF ACTIVITIES AND**  
**GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2006**

	<u>General Fund</u>	<u>Adjust- ments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES</b>			
Indigent defense -			
Operations	\$1,796,443	\$ 7,357	\$1,803,800
Capital outlays	14,950	(14,950)	-
<b>Total expenditures/expenses</b>	<u>1,811,393</u>	<u>(7,593)</u>	<u>1,803,800</u>
<b>PROGRAM REVENUES</b>			
Charges for services -			
Partially indigent and application fees	327,666	-	327,666
Court costs and bond forfeitures	1,675,715	-	1,675,715
<b>Total program revenues</b>	<u>2,003,381</u>	<u>-</u>	<u>2,003,381</u>
<b>Net program revenue (expense)</b>			<u>199,581</u>
<b>GENERAL REVENUES</b>			
Intergovernmental revenues -			
District Assistance Fund - Louisiana IDB	249,555	-	249,555
Miscellaneous -			
Interest	52,375	-	52,375
Other	-	-	-
<b>Total general revenues</b>	<u>301,930</u>	<u>-</u>	<u>301,930</u>
<b>Excess (deficiency) of revenues over expenditures</b>	493,918	(493,918)	-
<b>Change in net assets</b>	-	501,511	501,511
<b>Fund balance/net assets -</b>			
Beginning of year	1,093,363	29,795	1,123,158
End of year	<u>\$1,587,281</u>	<u>\$ 37,388</u>	<u>\$1,624,669</u>

**Reconciliation of General Fund Statement of Revenues, Expenditures, and Changes in  
Fund Balance to the Statement of Activities -**

Depreciation expense and the book value of assets disposed of, \$7,357 and \$ -0-, respectively, are not reported in the General Fund because they do not require the use of current financial resources. General fund capital outlays of \$14,950 are reported as expenditures but are capitalized and depreciated over their useful lives in the government-wide statement of activities.

See notes to basic financial statements.

**BASIC FINANCIAL STATEMENTS**

**FIFTEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Year Ended December 31, 2006**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fifteenth Judicial District Indigent Defender Board (Board) provides criminal defense to indigent persons in Louisiana's 15<sup>th</sup> judicial district (Acadia, Lafayette and Vermilion Parishes). The function is accomplished by maintaining an administrative staff and contracting for legal and other defense experts.

The Board's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Board are discussed below.

**A. REPORTING ENTITY**

Indigent defender boards, criminal court funds, and judicial expense funds are part of the operations of the district court system. The district court system is fiscally dependent on the primary government for office space and courtrooms. The substance of the relationship between the district court system and the primary government is that the primary government has approval authority over its capital budget. In addition, the nature and significance of the relationship between the district court and the primary government is such that exclusion from the primary government's financial statements would render the financial statements incomplete or misleading. For these reasons, indigent defender boards are considered component units of the primary government. The Fifteenth Judicial District Indigent Defender Board is comprised of the parishes of Acadia, Lafayette and Vermilion. It was determined to be a component unit of the Lafayette City/Parish Consolidated Government based on revenues received from and support provided by each parish's court systems. The accompanying financial statements present information only on the funds maintained by the Fifteenth Judicial District Indigent Defender Board.

**B. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS**

The Board's basic financial statements include the general fund, its only fund. The indigent defense activity of the Board is classified as a governmental activity. The Statement of Net Assets, is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Net assets are reported in three parts (as applicable)—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.



**FIFTEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The Statement of Activities reports both the gross and net cost of the Board's indigent defense function. The function is also supported by general government revenues (grants, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the indigent defense function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants.

The Board's net costs are normally covered by general revenue (grants, etc.).

This government-wide focus is more on the sustainability of the Board as an entity and the change in the Board's net assets resulting from the current year's activities.

**C. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS**

The financial transactions of the Board are reported in the fund financial statements of its sole fund, the General fund. It is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual**

The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual**

The governmental fund financial statement (the general fund) is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**FIFTEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

**E. MEASUREMENT FOCUS**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The government-wide statement of net assets and the statement of activities are presented using the "economic resources" measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus is used.

In applying the "current financial resources" measurement focus, only current financial assets and liabilities are generally included in the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. Fund balance is the measure of available spendable financial resources at the end of the period.

Under the "economic resources" measurement focus, the accounting objectives are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with an activity are reported. Fund equity is classified as net assets.

**F. BUDGET**

The Board follows these procedures in establishing the annual budget:

- The chief public defender prepares a proposed budget and submits it to the members of the board of directors for their approval prior to the beginning of each year.
- Budgetary amendments involving an increase in attorney retainers, salaries, capital expenditures, or an increase in total expenditures require the approval of the board of directors.
- All budgetary appropriations lapse at the end of each fiscal year.

The General Fund budget is adopted on the modified accrual basis of accounting.

**G. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents**

The Board has defined cash and cash equivalents to include cash on hand and demand deposits.

**FIFTEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

**2. Court Costs and Bond Forfeitures Receivable**

This is the aggregate amount due from the various courts and district attorney offices of the Fifteenth Judicial District for court costs collected and bonds forfeited in 2006 and not remitted as of December 31.

**3. Prepaid Items**

Prepaid balances are for payments made by the Board in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

**4. Capital Assets**

Capital assets consist of office furniture and equipment. Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over estimated useful lives of three to ten years. Acquisitions totaled 14,950 and 7,999 of office furniture and equipment was disposed of during the year. Beginning and ending cost of capital assets was 48,731 and 57,968 respectively. Beginning and ending accumulated depreciation totaled 18,936 and 20,580 respectively. Depreciation expense for the year ended December 31, 2006 was 7,357.

**5. Revenues**

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Persons availing themselves of the Board's services are assessed partially indigent fees of 150-550 based on their income. The fees do not become a judgment until the defendant pleads or goes to trial which is typically months after the initial assessment. The fees are normally paid in installments at unpredictable intervals, and many are never paid. For these reasons, partially indigent fees are only recognized as revenue when collected.

**FIFTEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

**6. Expenditures**

Expenditures are recognized when the related fund liability is incurred.

**Note 2. BANK DEPOSITS AND INVESTMENTS**

Under state law, the Board may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. At December 31, 2006, the Board had cash deposits (book balances) totaling 737,485.

Deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must, at all times equal the amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2006, bank balances of deposits totaling 100,980 were insured by the FDIC and deposits totaling 609,902 were collateralized with securities held in the name of the pledging banks.

The Board has not formally adopted a deposit and investment policy. Also the Board has no formal policies addressing credit risk, custodial credit risk, concentration of credit risk, or interest rate risk.

Under state law (R.S. 33:2955), the Board may invest in any of the following obligations:

- a. direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
- b. U.S. government agency obligations, the principal and interest of which are fully guaranteed by the government of the U.S.
- c. direct security repurchase agreements of federal securities listed at a. and b. above.
- d. time certificates of deposit of state and national banks, savings and loans, and credit unions.
- e. mutual or trust funds registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of securities of the U.S. government or its agencies.

State law should be consulted for various requirements and limitations relative to investments of Louisiana political subdivisions.

**FIFTEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

**Note 2. BANK DEPOSITS AND INVESTMENTS(CONTINUED)**

Investments consist of U.S. Treasury bills with maturities of 31 to 151 days and are stated at fair value. The investments are held by Smith Barney in street name.

**Note 3. COMMITMENTS**

The Board rents office facilities under a noncancellable lease. The monthly rent is 1,250 through November, 2007. The lease has no escalation clauses. Additional office and parking space are rented under cancellable leases at a monthly rental of 530. Rent expense in 2006 totaled 17,790. Annual obligations under the noncancellable lease are 13,750 during 2007.

**Note 4. COMPENSATED ABSENCES**

No accrual has been made for vacation or sick pay because unused vacation and sick days are not available to be carried forward and are not subject to extra pay if unused.

**Note 5. RISK MANAGEMENT**

The Board is exposed to risks of loss in the areas of general liability, malpractice, property hazards and workers' compensation. General liability, property hazards and workers' compensation risks are handled through the purchase of commercial insurance. There were no significant reductions in insurance coverage during 2006 and settlements have not exceeded insurance coverage in any of the past three years. Malpractice risks are uninsured. The Board is unaware of any outstanding claims or losses as of December 31, 2006. There were no outstanding claims as of December 31, 2005, and no claims were paid during 2006.

**Note 6. BOARD MEMBER COMPENSATION**

The members of the board of directors of Fifteenth Judicial District Indigent Defender Board serve on a voluntary basis and receive no form of compensation for those duties.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FIFTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD**  
**General Fund**  
**Budgetary Comparison Schedule (Modified Accrual Basis)**  
**Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Charges for services				
Court costs and bond forfeitures	\$ 1,343,500	\$ 1,627,500	\$ 1,675,715	\$ 48,215
Partially indigent and application fees	228,000	321,000	327,666	6,666
Intergovernmental revenues				
District Assistance Fund - Louisiana IDB	178,000	200,000	249,555	49,555
Miscellaneous				
Interest	15,000	45,000	52,375	7,375
Other	-	-	-	-
Total revenues	<u>1,764,500</u>	<u>2,193,500</u>	<u>2,305,311</u>	<u>111,811</u>
<b>Expenditures</b>				
Current - indigent defense				
Salaries, retainers and related benefits	1,654,600	1,829,300	1,676,128	153,172
Professional services	86,100	89,600	53,351	36,249
Office and administrative	66,600	76,420	66,964	9,456
Capital outlays - equipment	<u>14,000</u>	<u>19,000</u>	<u>14,950</u>	<u>4,050</u>
Total expenditures	<u>1,821,300</u>	<u>2,014,320</u>	<u>1,811,393</u>	<u>202,927</u>
Excess (deficiency) of revenue over expenditures	(56,800)	179,180	493,918	314,738
Fund balance, beginning	626,554	1,093,363	1,093,363	-
<b>Fund balance, ending</b>	<u>\$ 569,754</u>	<u>\$ 1,272,543</u>	<u>\$ 1,587,281</u>	<u>\$ 314,738</u>

**COMPLIANCE AND INTERNAL CONTROL**



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
The Fifteenth Judicial District  
Indigent Defender Board

I have audited the financial statements of the governmental activity and the general fund which collectively comprise the basic financial statements of the Fifteenth Judicial District Indigent Defender Board (Board), a component unit of the Lafayette City/Parish Consolidated Government, as of and for the year ended December 31, 2006, and have issued my report thereon dated March 2, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

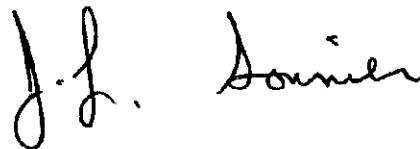
In planning and performing my audit, I considered the Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Board's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The condition is described in the accompanying schedule of prior and current audit findings and managements corrective action plan as item 06-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe the reportable condition described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, the Lafayette City/Parish Consolidated Government, grantor agencies and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. This report is a matter of public record.

A handwritten signature in cursive script, appearing to read "J. L. Souther".

March 2, 2007

# **FIFTEENTH JUDICIAL DISTRICT INDIGENTDEFENDER BOARD**

## **Schedule of Prior and Current Audit Findings and Management's Corrective Action Plan Year Ended December 31, 2006**

### **I. Prior Year Findings:**

#### **Compliance**

There are no compliance findings that were required to be reported.

#### **Internal Control Over Financial Reporting**

##### **Inadequate Segregation of Accounting Functions**

##### **Finding:**

Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

##### **Status:**

Unresolved. See item 06-1.

### **II. Current Year Findings and Management's Corrective Action Plan:**

#### **Compliance**

There are no compliance findings that are required to be reported.

#### **Internal Control Over Financial Reporting**

##### **Item 06-1 – Inadequate Segregation of Accounting Functions**

##### **Finding:**

Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

##### **Management's corrective action plan:**

Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.